

Investment in Israel/Palestine

1. **Preamble**

- 1.1 The Methodist Church, recognising the Holocaust and the centuries of persecution suffered by Jewish people in Europe and elsewhere, affirms the legitimate security fears of both Israelis and Palestinians. The Methodist Conference of 2002 stated the Methodist position that a return to the borders of 1967, and a status for Jerusalem as a place for two nations and three faiths, with parity of esteem, is the real basis upon which trust could be built up among the different communities.
- 1.2 In 2010, Methodist Conference received the report Justice for Palestine and Israel. The Conference adopted a resolution supporting a consumer boycott of settlement projects and accepted a circuit memorial calling for the actions of companies in the Occupied Palestinian Territories to be taken into account in investment decisions.
- 1.2 The Methodist Church has:
- condemned suicide bombings and called on Palestinian groups to recognise the right of Israel to exist
 - expressed anxiety over actions of the Israeli Defence Forces that have failed to discriminate between armed militants and civilians
 - expressed increasing humanitarian concern over the plight of Palestinians in the West Bank and Gaza
 - opposed the Israeli government's policy of settlement expansion in the occupied territories and the building of the separation wall that has damaged the livelihoods of so many Palestinians
 - acknowledged the fear of ordinary Israelis who, since the beginning of the second *intifada*, have felt increasingly insecure
 - drawn attention to the perspectives of the three Abrahamic faiths in relation to Israel, and acknowledges competing theological standpoints within the Christian tradition
 - made statements on Israel and Palestine on several occasions in recent years, notably in 2003, when it expressed concern for the desperate humanitarian plight of Palestinians living in the occupied territories
 - asked Methodists to be aware of the origins of produce, particularly produce sourced from Israeli administered areas of the occupied territories, with a view to avoiding their purchase
 - recognised the right of *all* Israelis and Palestinians to exercise proportionate and appropriate security measures in difficult times

2. Key issues

2.1 Occupation

Israel's expansion into Palestinian territory has deprived many of livelihoods, pasture and water resources. Israel controls 60% of the water resources in the West Bank, whilst settlement expansion has called into question the viability of a future contiguous Palestinian State within secure borders.

2.2 Separation Barrier/Wall

The separation barrier/wall, as well as attempting to minimise the risk to Israel of terrorist attack, is widely seen as a mechanism to establish new "facts on the ground", in that it has not been constructed in accordance with 1967 boundaries and therefore constitutes a *de facto* annexation of additional parts of the West Bank. It has thereby served to isolate and "imprison" communities (such as the largely Christian community of Bethlehem), preventing access to employment, land and services (such as timely emergency medical response). The barrier/wall represents an impediment to lasting peace between Israel and Palestine.

2.3 Violations of International Law

The Government of Israel contests the application of certain aspects of international law as regards the occupied territories. However, successive Security Council Resolutions indicate that the continued expansion of West Bank settlements have implications under the fourth Geneva Convention. The Geneva Convention makes specific reference to economic activity, denying an occupying power the right to derive economic benefit from occupation. The UK Government (following the advisory opinion of the International Court of Justice) maintains the view that the building of the separation barrier/wall within the occupied territories is unlawful. Demolition of Palestinian houses, the uprooting of olive groves and the construction of Israeli settlements in the West Bank represent a contravention of international law.

2.4 Violence

Israel and Palestine have become trapped in an escalating cycle of serious crises and violence. The military invasion of Gaza by the IDF in December 2008 resulted in over 1,300 Palestinian deaths and has engendered widespread concern for its disproportionate nature. The IDF often fails to discriminate between militias and civilians; many of those killed have included children. Palestinian militia in Gaza have launched thousands of rocket attacks against Israel and Israeli settlements. Hamas refuses to renounce the deliberate targeting of civilians, which has resulted in serious casualties and deaths.

3. Policy

- 3.1 The CFB aims not to invest in any company that is directly or materially involved in activities that are in breach of international law, or is complicit in violations of human rights as defined by the United Nations Universal Declaration of Human Rights. This includes the provision of “right to life” services (such as water, gas or electricity) that may be used materially to disadvantage one community in favour of another.
- 3.2 The CFB seeks to invest in companies that are, or are likely to become, signatories to the UN Global Compact, thereby demonstrating a commitment to align their operations with ten universally accepted principles in the areas of human rights, labour, the environment and anti-corruption.
- 3.3 The CFB’s strategy for influencing change relies primarily on dialogue and constructive engagement with companies. Engagement is pursued until it becomes clear that a company is not open to dialogue or does not respond positively to the concerns that are raised. If engagement fails, then disinvestment is an option that the CFB will consider.
- 3.4 There may be circumstances where the concerns are of such significance, e.g. on the sale of military equipment, that regardless of other considerations, disinvestment becomes the only ethical response.
- 3.5 The focus of CFB engagement will be to understand the nature, extent and impact of any business operations in the affected areas. A decision to disinvest will be predicated on some or all of the following factors:
- the severity of the concern including:
 - the extent and significance of the activity that has given cause for concern
 - its impact on individuals and communities
 - whether the activity is core, expanding or is time limited
 - the record of the company on human rights elsewhere and whether it is otherwise progressive
 - the significance of a company’s business in Israel/Palestine within the context of its global operations
 - the contribution, either positive or negative, of the company’s operations to the economy within the affected communities
- 3.6 The areas that might lead the CFB to seek constructive engagement with companies include business interests in any of the following:
- the provision of equipment or services to the military or police in support of operations in the occupied territories
 - the supply of equipment or services to the military or police in support of operations in breach of UN resolutions such as the demolition of homes, olive groves and other infrastructure
 - the construction of facilities or infrastructure within the Israeli administered areas of the Palestinian occupied territories
 - the construction, maintenance or management of transport links between Israel and Israeli settlements in the occupied territories
 - contracts for the supply of materials or associated activities related to the construction of the separation barrier/wall

- the manufacture of goods or the supply of produce within Israeli administered areas of the occupied territories and the sale of such items
- appropriate “country of origin” labelling of goods sourced from Palestinian administered areas of the West Bank or Gaza, and implementation of the DEFRA Code of Practice regarding the labelling of settlement originated goods
- the establishment of new business partnerships with Israeli or Palestinian companies without due regard to any possible human rights implications or their impact on conflict

3.7 Companies seeking or maintaining business relationships in Israel and Palestine need to demonstrate that they:

- have addressed human rights concerns when working within the context of conflict
- are conversant with the adjudication of the Security Council, the UN Human Rights Council and the International Court of Justice on practices or issues that have relevance to their operations or contracts
- are prepared to engage suppliers in dialogue regarding human rights principles
- have taken all reasonable measures to ensure that they cannot be held indirectly complicit in human rights abuses when selling through intermediaries to an end user

3.8 The CFB will also seek to influence companies by encouraging them, where appropriate, to develop opportunities that will enhance the prospect of a viable and sustainable Palestinian economy over time e.g. in sourcing Palestinian produce for export and sale.

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